

CHAPTER 3

FINANCIAL ADMINISTRATION

A. POLICY

1. The DoDDS shall program, prioritize, and budget for all requirements. That includes O&M, Procurement, and MILCON appropriations. MILCON basic project specifications shall include all items chargeable to military construction accounts. The DoDDS provides funds from direct funding and tuition receipts.

2. Support agreements between the DoDDS and the Military Departments shall be accomplished, in accordance with the policies in DoD Instruction 4000.19 (reference (c)). Appendix B, below, is a list of support categories that military installations shall furnish to the DoDDS on a reimbursable basis, in accordance with DoD standards, agreements reached between the Military Department installations and the DoDDS and the Military Departments's policies and procedures, in that order. Appendix C, below, lists administrative and logistic support which Military Department installations shall furnish to the DoDDS on a nonreimbursable basis. The DoDDS shall not be billed for the following:

a. The costs for supervisors and other indirect cost personnel, unless a unit is established solely to serve the DoDDS ; in which case, only the costs of the sole support unit are chargeable to the DoDDS, or

b. Military personnel.

3. When providing reimbursable services to the DoDDS under a support agreement, the installation commander may rely on in-house resources or contracted services, and shall employ whichever is most cost-effective to the U.S. Government.

4. The installation commanders are responsible for providing civilian personnel administration for foreign national employees, in accordance with law, treaty, and regulation on a reimbursable basis, as specified in servicing agreements negotiated at the installation level.

5. The Military Departments may provide nonappropriated funds for school activities not chargeable to appropriated funds.

6. When the school facilities are used by organizations and/or activities other than the **DoDDS**, the costs of utilities, custodial services, refuse collection, facility leases, and other basic engineering support shall be reduced by the applicable OUF (Chapter 1, subsection **C.7.**, above) . The standard OUF is established at 20 percent and shall be documented in a memorandum of understanding between the region and the major military theater commands to cover the ISAs negotiated with installations in that command. The OUF shall not be negotiated lower than the major military theater command level unless both the respective **DoDDS** regional director and the supporting military theater command agree. Decisions to negotiate the OUF at lower levels shall be the exception rather than the rule and shall be made on a case by case basis by the regional director. When the use of the **20-**percent factor would clearly be inequitable to either the major theater commands or the **DoDDS**, a revised factor may be renegotiated. The standard factor of 20 percent shall be used to reduce the cost of services billed to the **DoDDS** (see Appendix D, below) until another factor is renegotiated. The party disputing the 20 percent factor (either the **DoDDS** or the military theater command) must provide supporting documentation to justify a different factor. In cases where the OUF is recomputed, it shall be calculated by prorating each and every user's share of the facility at each and every location. Factors making up the calculation must include the actual square footage used increased by a factor of 40 percent, to account for common-use areas (i.e., halls, locker rooms, and restrooms, etc.) . When support categories are provided by contract performance, both the **DoDDS** and the supporting Military Service installation's funds shall be cited for 80 percent and 20 percent respectively, or the renegotiated rate. Once negotiated, the OUF shall be reviewed triennially to coincide with the ISA review, or at the **request** of either party. The OUF shall not be recomputed more frequently than every 12th month and when recomputed shall not be retroactively applied by either party.

B. BUDGETING

1. Performing installations shall provide budget estimates for reimbursable administrative and logistic support, in accordance with guidance issued by the **DoDDS** regional directors. Budget estimates shall include cost, workload, and other information needed to prepare budget documents on a timely basis.

2. Supplier activities that have provided support without charge, but decide to identify costs and seek reimbursement, must allow sufficient lead time for the **DoDDS** to evaluate requests and to budget for requirements through the planning process. Those issues shall be resolved at the regional level.

3. Military installation commanders that provide support services must ensure that obligations and billings do not exceed funding provided by the MIPR and that all services specified in the agreement are delivered, and that funds in excess of services delivered are returned. **DoDDS** personnel must monitor obligations and billings to ensure that services requested are in fact received and billed. Performing activities must absorb any excess costs. Adjustments between the MIPR cost categories may be made if the **DoDDS** agrees, total funding is not exceeded, facility maintenance floors are met, and requested services are provided.

C. FUNDING PROCEDURES

1. The DD Form 1144, "Interservice Support Agreement (ISA)," shall be used to establish supplier and/or receiver relationships. The ISAs must show cost estimates for all related costs of specific categories of support regardless of whether the support is provided on a reimbursable or direct cite basis. The ISAs are not funding documents.

2. The **DoDDS** shall prepare a DD Form 448, **MIPR**, in accordance with Subpart 253.208-1 of the **DFARS** (reference (k)), to order services, in accordance with the ISA. **DoDDS** regional offices, district offices, or schools may prepare the MIPRs. The **MIPRs** shall be issued to the commanding officer, or designee, of the installation performing the services. Amounts specified in the **MIPRs** shall reflect official DoD-budgeted foreign currency exchange rates.

3. In accordance with Subpart 253-208-2 of the **DFARS**, commanding officers, or designee, of the support installations shall return the DD Forms 448-2, "Acceptance of **MIPR**," to the **DoDDS** (the issuing activity). Acceptances shall be provided as soon as practicable, but not later than 15 days after receipt of the DD Form 448. At year end, acceptances should be processed and returned within 24 hours.

4. Military Department installations shall accept **MIPRs** on a reimbursable basis unless the **DoDDS** has agreed that direct cite funding is more appropriate. For example, fixed-price contracts negotiated exclusively for the **DoDDS** are usually direct cite. Copies of direct cite contracts shall be forwarded to the school principal and the **DoDDS** regional office expeditiously, but no later than 15 days from contract award date.

5. The **DoDDS** shall normally issue one MIPR for each ISA to simplify processing and to reduce administrative costs. The

DoDDS may issue separate MIPRs for each category of support. In either case, the MIPRs must specify the specific support categories and the ISA number.

6. Supporting Military Department installations shall bill DoDDS monthly (see DoD 4000.25-7-M, reference (1)) for services provided in accordance with the ISAs. Billing documents shall be SF 1080, "Voucher for Transfers between Appropriations and/or Funds," or Military Service equivalents. Along with sufficient supporting documentation, billings shall be submitted according to local procedures specified in the MIPR and the ISA.

7. In accordance with Subpart 253.208-2 of the DFARS (reference (k)), all billing, shipping, contractual, and related documentation that installations provide to the DoDDS shall identify the MIPRs, quantities, and costs. Specifically, supporting documentation shall include the following:

- a. Reference to the MIPR number being billed.
- b. The type of service being billed.
- c. Application of the OUF.
- d. The unit cost **and** units *utilized in* deriving current billing.
- e. Current and prior cumulative amounts billed.

Erroneous charges discovered after billing shall be corrected on subsequent bills.

D. ACCOUNTING

1. For the DoDDS, the DD Form 448 is the basis for a commitment of funds. When accepted on a reimbursable basis, the DD Form 448-2 creates an obligation. Direct cite MIPRs remain as commitments until evidence of the contract award is received at a DoDDS accounting office.

2. For performing Military Department installations, acceptance of a reimbursable MIPR is an unfilled customer order received.